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SUBJECT: GOP'S PLAN FOR THE BENAZIR INCOME SUPPORT PROGRAM

¶1. Summary. Details of the GOP plan to create a social welfare type program, the Benazir Income Support Program, were presented to diplomatic representatives. Through the program the GOP will disburse Rs. 2000 (USD 24.39 at R82 per USD) every other month to over 3 million families that have a monthly income of less than Rs. 6000 (USD 73.17). Parliamentarians would determine who is eligible in their districts and then data would be vetted through the National Database Registration Authority. The Pakistan Post will be used to deliver the money to recipients across Pakistan. Criticism that poverty is not equally dispersed across Pakistan despite equal representation to all Parliamentarians for nominations to the program was a common theme among the donors. End Summary.

¶2. (U) On November 7, Ambassador was invited to attend a briefing on the Benazir Income Support Program (BISP). The briefing for the diplomatic corps was organized by the Government of Pakistan (GOP) and chaired by Prime Minister Yousef Gilani. As the newly appointed Chair of the BISP, Mrs. Farzana Raja, Member of the National Assembly from Punjab, presented details on the BISP program.

¶3. (U) Noting that the BISP will be a publicly funded income support scheme aimed at improving social development nationwide, Raja explained that the Pakistan People's Party is committed to helping Pakistan's most vulnerable cope with the increasing food inflation and the erosion of their purchasing power. Raja also commented that this program was initially conceived over 18 months ago by Benazir Bhutto who "expected an economic crisis and wanted a social safety net program in place."

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MECHANICS OF THE PROGRAM  
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¶4. (SBU) Stating that the GOP is "open to suggestions" and "desires inputs" from the assembled donor representatives, Raja emphasized that the GOP is "aware of the significant challenges in launching this type of program but needed support and was not expecting to see changes overnight." She then explained that through the BISP, the GOP will disburse Rs. 2000 (USD 24.39 at R82 per USD) every other month to over 3 million families that have a monthly income of less than Rs. 6000 (USD 73.17). For families earning Rs. 5000 per month, the Rs. 1000 payout will amount to a 20 percent increase in their current purchasing power.

¶5. (U) BISP has been allocated an amount of Rs. 34 billion for the fiscal year 2008-09 in the Pakistan Stabilization and Development Program budget. It is the third largest allocation in the current budget (after water/ power and highways) and constitutes 0.3 percent

of GDP. The GOP anticipates that BISP will cover up to 12-14 percent of the population in the lowest income brackets across the entire country. The GOP took special effort to note that the program includes the FATA, Northern Areas and Azad Jammu and Kashmir as well as "special attention. . . accorded to remote areas such as in Balochistan, Chitral, North and South Waziristan, Kohistan, and Tharparkar."

¶16. (U) The GOP plans to make payments only to the female head of the family. Raja noted that the government intends to use the BISP as a tool for women's empowerment and hopes to "flesh out the invisible women." A typical family is considered to be five members for planning purposes. Raja stated that families in low income brackets spend between 50- 70 percent of their income on food. At current flour prices, the Rs. 1000 a month amount will be sufficient to finance 20-25 days of flour need for a 5-6 member family.

¶17. (U) Disbursement will be made through the Pakistan Post Office, delivered by postal money order at the recipient's address so that the recipient does not have to incur any cost whatsoever. Raja provided that there are currently over 12,300 branches of the Pakistan Post which has a presence in all cities and major towns except for about ten. Work is under way to develop a "smart card" system that will ultimately become the medium for BISP disbursement.

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ROLE OF PARLIAMENT  
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¶18. (U) The GOP plans to have parliamentarians nominate eligible

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participants for the BISP. Prime Minister Gilani noted that this was the "fairest method for determining who receives the benefits since all members of Parliament, regardless of party affiliation, have been provided equal opportunity to recommend deserving families."

¶19. (U) Raja and Gilani both emphasized that "objectivity has been assured by subjecting parliamentarian-recommended families to a computer-based verification process." The National Database Registration Authority (NADRA), will apply a pre-designed software to screen out those not eligible according to the specified criteria. Minister of Privatization Naveed Qamar noted that 13 criteria have been given to the Members of Parliament and NADRA has prior data on eight of these 13 criteria. NADRA will directly transmit the final list of recipients electronically to Pakistan Post.

¶10. (U) The brochure which explains the BISP provides that "neither the program management nor parliamentarians will have any control over or access to funds, which will be transferred electronically from the Treasury to Pakistan Post and which will then [be] disbursed according to the list provided electronically by NADRA. In fact, the first time anyone will touch the money will be the postman as he delivers the amount to the designated female head of the family."

¶11. (SBU) Responding to the Canadian representative's concern that Members of Parliament will have difficulty in identifying the poor, Raja gave the example of Parliamentarians from the FATA who directly requested NADRA cards for the women but noted that President Zardari refused this request and insisted that the women register. She stated that now NADRA teams are going to the FATA to register women. A representative from the World Food Program noted that poverty levels and food inflation vary from region to region in Pakistan and asked how the GOP planned to distribute the benefits to the poorest of the poor with all Parliamentarians involved. Salman Faruqi, Deputy Planning Commission, noted that the names of all will be published and the Pakistani media will be the best watchdog. He further noted that possible criminal sanctions could be enacted for any violations. The World Bank representative echoed comments that poverty is not equally dispersed in Pakistan but the GOP has given equal representation to all parliamentarians for nominating recipients. Naved Qamar responded by stating that the poverty

"baseline in Pakistan is so low that every district has people who will qualify" and that the program can be expanded to ensure greater money goes to the most needy.

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CHECKS AND BALANCES  
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¶12. (U) The GOP believes internal monitoring will be addressed through three mechanisms: 1) delivery by the Pakistan Post which will submit monthly reports on BISP payments to include the list and address of each house and the name of the postman making the delivery; 2) monthly financial reconciliation; and 3) regular house to house checks by BISP to verify the exact amount delivered to families. External monitoring is expected through third party validation; by listing recipients on a website for greater transparency; and by possibly using the upcoming census to obtain data on the economic status of households.

¶13. (U) Noting that the BISP will create a citizens' entitlement vis-à-vis the State for the first time in the country's history, the GOP admitted that they have yet to flesh out any exit strategy. Raja presented several options such as entrance into a micro-credit program, skills training program or income generating program but noted that any exit strategy "mostly depends on the overall economic situation of Pakistan."

¶14. (U) Responding to the Ambassador's question about how this program would play into the pending International Monetary Fund program, Minister of State for Finance Hina Rabina Khar note that this is "a budgeted program going towards the social structure" and that the IMF is aware of it. Prime Minister Gilani stated that "whatever program is initiated in the third world, there is criticism" but for the "first time in Pakistan, there is no discrimination in the use of development funds-- regardless of party, all are able to the Bhutto card."

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CRITERIA FOR ELIGIBILITY  
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¶15. (U) The proposed criteria for a family's eligibility of benefits under the BISP are as follows:

- a) Possession of Computerized National Id Card by female applicant;
- b) Monthly Family Income is less than Rs. 6000.00 (USD 73.17);
- c) Widowed/Divorced women, without adult male members in the family;
- d) Any physically or mentally retarded person(s) in the family;
- e) Any family member suffering from a chronic disease.

¶16. (U) The following families will not be eligible for the BISP benefits:

- a) Where any of the members of the family is in employment of government/semi-government/ authority/department or armed forces.
- b) Where any of the members of the household is drawing pension from government/semi- government/authority/department or armed forces.
- c) Where any of the members of the household is receiving any post-retirement benefits from any department/agency.
- d) Where any of the members of the family own agriculture land more than three acres or residential house/plot of more than eighty square yard.
- e) Where any member of the family is receiving income support from any other sources.
- f) Where any member of the family possesses Machine Readable Passport.
- g) Where any member of the family possesses National Identity Card for Overseas Pakistanis (NICOP).
- h) Where any member of the family has a Bank Account (except in National Bank of Pakistan, Habib Bank Limited, United Bank Limited, Muslim Commercial Bank, Allied Bank Limited, Bank of Punjab, Bolan Bank, Khyber Bank, First Women's Bank, Zarai Tarakyati Bank, Khushali Bank, and all microfinance banks). (Comment: This criterion allows an account with all domestic banks in Pakistan but excludes any international banks. End Comment.)

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COMMENT  
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¶17. (SBU) It is obvious that the PPP government is proud of this concept and wants support to ensure that this idea of Benazir Bhutto becomes a reality. At the presentation, no timeline was given for commencing the project or dispersing the funds and no direct donor assistance was requested. World Bank officials have noted the need for technical assistance in the administration of the program as well as for monitoring and evaluation. The imminent IMF agreement will certainly impact GOP spending on social safety net programs but the direct impact on the proposed BISP program is not yet known. Funding and technical assistance for this program could be a project for consideration in the Friends of Pakistan. End Comment.

PATTERSON